

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 DODE-00 COME-00 INT-05

GSA-01 TRSE-00 OMB-01 CIAE-00 INR-07 NSAE-00 L-03

AF-08 ARA-06 NEA-10 /068 W

-----211003Z 125432 /10

R 210826Z JAN 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 8860

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY LAPAZ

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: EMIN, ID, ITC

SUBJECT: INDONESIAN ATTITUDE ON ITC

REF: JAKARTA 0748

1. SUMMARY: GOI OFFICIALS HAVE EXPRESSED SUPPORT FOR BOLIVIAN POSITION RE ITA. ISSUES WHICH PARTICULARLY EXERCISE INDONESIANS ARE: (A) FAILURE OF CONSUMERS TO CONTRIBUTE TO FINANCING OF BUFFER STOCK; (B) METHOD FOR ARRIVING AT "FUNCTIONAL" FLOOR AND CEILING PRICES; AND (C) THE DOMINANCE OF THE U.S. ON THE CONSUMER SIDE AND MALAYSIA ON THE PRODUCER SIDE IN VOTING PROCEDURES. OFFICIALS CLAIMED THAT GOI WOULD NOT BE OVERLY CONCERNED IF AGREEMENT WERE TO LAPSE AS THIS MIGHT FORCE CONSUMERS TO RECOGNIZE THAT AGREEMENT IS AS MUCH IN CONSUMER INTEREST AS PRODUCER. END SUMMARY.

2. INDONESIAN MINISTER OF MINES RECENTLY RAISED SUBJECT OF INTERNATIONAL TIN COUNCIL (ITC) WITH AMERICAN AND LIMITED OFFICIAL USE

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OTHER DIPLOMATS (SEE REFTEL). EMBOFF SUBSEQUENTLY CALLED ON SIRMAN WIDIATMO, KEY GOI OFFICIAL DEALING WITH ITC, AND HIS PREDECESSOR IN ITC AFFAIRS, ADENAN. IT WAS APPARENT THEY WERE ANXIOUS TO COMMUNICATE GOI VIEWS TO USG, AND THEY STATDD, CLEARLY FOR THE RECORD, THAT "THE GOI SUBSCRIBES TO THE VALIDTY OF THE ISSUES RAISED BY BOLIVIA" IN ITS DECISION NOT TO RATIFY THE FIFTH

INTERNATIONAL TIN AGREEMENT (ITA). SIRMAN SAID ITA DOES NOT REFLECT NEW INTERNATIONAL ECONOMIC ORDER (NIEO) AND CLAIMED THERE WAS URGENT NEED TO ESTABLISH: (A) A JUST AND EQUITABLE SYSTEM FOR SHARING ADMINISTRATIVE AND BUFFER STOCK COSTS; (B) A MORE DEMOCRATIC APPROACH TO VOTING IN THE ITC; AND (:) A BETTER METHOD OF ARRIVING AT "FUNCTIONAL" FLOOR AND PRICE CEILING, INCLUDING A POSSIBILITY OF PRICE INDEXATION.

3. ASKED ABOUT INDONESIA'S PRIORITIES, SIRMAN SINGLED OUT THE QUESTION OF BUFFER STOCK FINANCING. HE ASSERTED THAT IT WAS "UNJUST" THAT THE PRODUCERS BORE THE COST OF FINANCING THE BUFFER STOCK, AND ESPECIALLY THAT THEY HAD TO ACCEPT EXPORT QUOTAS WHEN DEFENDING THE FLOOR PRICE. HE EXPRESSED BELIEF THAT A VOLUNTARY CONTRIBUTION TO THE BUFFER STOCK BY THE U.S. WOULD GO A LONG WAY TOWARD BRINGING THE BOLIVIANS AROUND TO RATIFICATION, AND SAID THAT IF THE U.S. MADE SUCH A CONTRIBUTION INDONESIA WOULD ATTEMPT TO LEAD A PRODUCER LOBBY TO TRY TO CONVINCE BOLIVIA TO RATIFY. WHILE STATING BELIEF THAT CONSUMERS HAD A RESPONSIBILITY TO SUPPORT THE BUFFER STOCK, BOTH SIRMAN AND ADENAN SKIRTED THE QUESTION OF MANDATORY CONSUMER CONTRIBUTIONS.

4. THEY STATED THAT SECOND MOST IMPORTANT ISSUE FOR INDONESIA WAS QUESTION OF ARRIVING AT FUNCTIONAL FLOOR AND CEILING PRICES, AND THEY RAISED PRICE INDEXATION IN THIS CONTEXT. HOWEVER, UNDER QUESTIONING, THEY AGREED THERE WERE MANY MORE APPROPRIATE FORA THAN THE ITC FOR LIMITED OFFICIAL USE

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DISCUSSING QUESTION OF INDEXATION AND THAT IT IS A "POLITICAL" QUESTION. NIEO WAS ALSO DESCRIBED AS POLITICAL.

5. THIRD ON THEIR LIST OF PRIORITIES WAS MANNER OF VOTING, AND PARTICULARLY THE FACT THAT THERE HAD TO BE MAJORITY VOTE IN BOTH CONSUMER AND PRODUCER GROUPS FOR ISSUE TO CARRY. THEY POINTED OUT THAT U.S. WITH ITS LARGE VOTING BLOC IN CONSUMER GROUP NEEDS RELATIVELY LITTLE SUPPORT FROM OTHER CONSUMERS TO BLOCK PASSAGE, AND MALAYSIA OCCUPIES SAME KIND OF STRATEGIC POSITION IN PRODUCER BLOC.

6. ADENAN DISPUTED CLAIM THAT TIN IS A HIGHLY SUBSTITUTE-ABLE COMMODITY, AND ASSERTED THAT ITA SERVES INTERESTS OF CONSUMERS AT LEAST AS MUCH AS IT SERVES INTERESTS OF PRODUCERS, AND ADDED THAT IT MIGHT BE IN PRODUCERS' INTERESTS TO ALLOW AGREEMENT TO LAPSE FOR A TIME SO THAT THIS FACT COULD BE BROUGHT HOME TO CONSUMERS.

7. COMMENT: TONE OF MEETING WAS FRIENDLY. SIRMAN AND
ADENAN AGREED THAT U.S. WAS INTERESTED IN PLAYING A CON-
STRUCTIVE ROLE IN ITC, BUT CLEARLY THEY BELIEVE CURRENT
CONTEMPTS WAS MORE THE FAULT OF CONSUMER (READ U.S.)
STUBBORNNESS, AND LESS THE FAULT OF BOLIVIA. INDONESIA
COUNTS ITSELF IN THE BOLIVIAN CAMP.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, TIN, INTERNATIONAL ORGANIZATIONS
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977JAKART00989
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770022-0947
Format: TEL
From: JAKARTA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770130/aaaabair.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d90c61d3-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 JAKARTA 748
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3540838
Secure: OPEN
Status: NATIVE
Subject: INDONESIAN ATTITUDE ON ITC
TAGS: EMIN, ID, BL, US, ITC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/d90c61d3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009